

MH Weekly

*News & Views for Active
Manufactured Housing Business Participants & Investors*

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An Old Manufactured Home Or Money In Disguise?

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by Lonnie Scruggs

Fred was like most investors and entrepreneurs, he had no idea that mobile homes could be a good investment and a good money maker. And what little he had heard about manufactured homes wasn't very flattering. But he had read a book about how you could make money with them and he called me to get some more information. And he wanted to know if he could visit with me sometime, buy lunch and see first hand just what I was doing. At 9 o'clock one morning, Fred shows up at my door, and we went on a park tour

In the first park we drove through, I pointed to a manufactured home and said, "Fred, take a good look at that manufactured home and tell me what you see." This was a 15 year old single wide home. The paint was ugly, one section of the skirting was missing, a window pane was broken, a dog was tied to the steps and the yard would never win a "Yard of the month award." I could sense that Fred wasn't real impressed at what he saw. He looked a little puzzled and said, " All I see is an old manufactured home." And to the untrained eye, that's just what it looked like...an old, ugly manufactured home.

Now there was nothing wrong with Fred's eyesight. He saw exactly what I just described. What he didn't realize was that he was looking at money, but it was money in disguise that looked like an old, ugly manufactured home. Then I gave Fred the history on this home.

About two years before, I had bought this home for \$2,700 and spent another \$341 for advertising and minor repairs. My total cost in that home was \$3,041. In less than two weeks, I had it sold for \$6,950 to a young couple that needed an affordable place to live. This couple, like many couples, would never save enough to buy what they wanted, but they could make a payment every month for life. They paid \$750 down and I took back a note at 12.75% interest (the industry standard) payable \$191.07 monthly for 40 months. Now, let's run the numbers and see how I made out.

We had \$3,041 invested, received \$750 down, leaving \$2,291 in the deal. We now have a note for \$6,200 and will receive \$191.07 for 40 months. If I punched the right buttons, that's a 95% yield. After 40 months, we will have collected \$7,642. And also, it will only take 12 payments to recover the \$2,291 we have left in the note. As you can see, this little deal provides very high yield, with minimum risk and was done in a very short time.

Now, let me explain what I've really done with just a few hours of work. Some people will think I simply put a little deal together and made a good profit. And I have. But I've done much more than that. What some people fail to realize is that I've spent a few hours of work to create a note that now obligates somebody to send me a check every month for the next 40 months. Once the deal is done, what more do I have to do to get paid? Nothing but wait for the mail carrier to bring the checks. I don't even have to leave the house to get paid, but that nice couple living in that manufactured home have to go to work every day so they can send me a check. And they get to do it 40 times. And it was done on an old, ugly manufactured home that most investors wouldn't consider of any value or collateral.

After explaining all this to Fred, I asked him to take another look at that manufactured home and tell me what he saw. All he saw the first time was something that looked ugly, but now he realized he had been suffering from an optical illusion. You might say that Fred's vision had shown a remarkable improvement in a very short time. Now he could clearly see money.

I then asked Fred to figure out how many little manufactured home payments like this he would need each month to equal the checks he got from his job. I explained that if he did just one little deal a month, it wouldn't take that long before somebody else would be sending him more money than his full time job was paying. And if he still enjoyed working a "job" when he reached that point, he could just keep the job as a hobby.

Now, I'd like to elaborate some more on this little deal to show how a little education and knowledge can make such a big difference in a person's life. Before I learned how to put my money to work, I was doing all the work. I was so uneducated about money back then that I thought the answer to financial freedom was working two jobs. And that's what I did for many years. Finally, I realized there wasn't enough hours in a day, and I couldn't work enough hours in a month, to reach financial security. There had to be a better way, and I started looking for that way. When I realized that education and knowledge was

the answer, I made up my mind to get an education. Before that, all I had was some “schooling”, now I realized I needed some education.

I started learning who the people were that was successful and was doing what I wanted to do. Then I started attending seminars taught by those people. I paid money that I couldn't afford to pay to go to those seminars. I took time off from work that I couldn't afford to take. I bought books, tapes and courses that I couldn't afford. I spent many hours listening to those tapes and reading the books, when I could have been watching ball games on TV, or fishing, like a lot of folks were doing. I was doing all the things I couldn't afford to do, so that someday I would be able to afford to do all the things I wanted to do. And I soon learned that it wasn't a question of whether I could afford to attend seminars, I realized that I couldn't afford not to.

Now I can look back and see that I didn't do all the easy things, and all the fun things like many people were doing, but I did all the right things. And today, we enjoy financial security and financial freedom and can do what we want to do. And we can do it when we want to do it, and not have to ask permission from anybody to do so. Many of our friends are still working “jobs” searching for financial security that they will never know. They had the same chance to make choices that I had, they just made the wrong choices. They all had “schooling” but they didn't have the necessary education that provides financial freedom. Now they tell me how lucky we are.

The best investment you can make is in yourself. So be willing to pay for your education now, or be prepared to pay a much bigger price for your lack of education later. The choices you make today will determine your financial future. Be sure you make the right choice, because you will have to live with the results of that choice.

Fred paid for lunch that day, which was a burger and fries. (I think I'm working too cheap.) Next time Fred it's going to be prime rib and good wine.

Happy investing,

Lonnie
